



## **Request For Proposals**

### **RETAIL SALES OF CANNABIS AND CANNABIS GOODS**

#### ***Introduction***

The City of Rio Dell ("City") invites interested parties to submit a proposal in response to this Request for Proposals ("RFP"). The City is seeking proposals from qualified cannabis operators to be considered for permit entitlements for the **RETAIL SALES OF CANNABIS AND CANNABIS GOODS** as allowed by the State of California and the City of Rio Dell.

Following review of all responsive proposals, City staff will establish a list of candidates that will be invited for in person interviews. The City may allow up to three (3) cannabis retailers to operate in the City's Town Center (TC) zone. The goal of the RFP is to elicit cannabis retailers from business proprietors themselves. This RFP will allow the Rio Dell City Council ("City Council") to review the types of business proprietors interested in working with the City and determine which, if any, proposals will be allowed to make application.

Interested parties must complete the requirements of this RFP by clearly articulating how the proposed business would operate within the confines of existing state law and local regulations. This includes securing any applicable state licenses necessary for the operation of the cannabis retail business.

#### ***Qualifications***

Any selected parties are expected to have the following qualifications:

- (1) a demonstrated knowledge and experience in developing successful businesses;
- (2) experience and expertise in the existing laws and regulations relating to cannabis retailers;
- (3) an innovative, responsive, competent and practical business acumen;
- (4) a demonstrated ability to operate the proposed cannabis business as an integrated part of the community; and
- (5) a demonstrated ability and willingness to work with the City in developing any proposed business rules and regulations specific to cannabis retailers.

# **Cannabis Background**

Below is a brief summary of federal, state and local cannabis regulations.

## ***Federal Law***

Under federal law, cannabis remains an illegal Schedule I narcotic. Schedule I narcotics are substances with a high potential for abuse that have no accepted medical value and cannot be used safely, even under a doctor's supervision.

In recent years, the United States Department of Justice has chosen not to prosecute most cannabis users and businesses that follow state and local laws. However, this federal policy relating to medicinal cannabis, recreational cannabis, or both, could change under the current administration.

## ***California***

On November 6, 1996, the voters of California approved Proposition 215, the Compassionate Use Act of 1996 ("CUA"). Under the CUA, doctors are not punished for recommending medicinal marijuana to their patients. The CUA allows patients and their caregivers to legally possess, use, and cultivate medicinal marijuana with a doctor's recommendation.

In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program ("MMP"). The MMP created a voluntary identification card program for patients using medicinal marijuana and their primary caregivers. The MMP provided immunity under the California Penal Code to patients and their caregivers for their personal or collective use and cultivation.

On October 9, 2015, Governor Jerry Brown enacted state regulation of medicinal cannabis by signing the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA required a business to obtain a state license and a local permit in order to operate a medicinal cannabis business. Under MCRSA, the Bureau of Medical Cannabis Regulation regulates labeling, testing, transportation, and packaging of medicinal cannabis, the Department of Food and Agriculture regulates cultivation, and the Department of Public Health regulates the manufacturing of medicinal cannabis.

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act ("AUMA"). AUMA legalizes the cultivation, commercial sale, and possession of recreational marijuana for adults age 21 and older. While MCRSA explicitly requires businesses to obtain a local permit before getting a state license, AUMA does not.

On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which combined MCRSA and AUMA to create a single regulatory scheme for both medicinal and adult-use cannabis businesses. Effective January 1, 2018, MAUCRSA provides the statutory framework for

cannabis businesses to legally operate within the state. MAUCRSA retains the provisions in AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in their jurisdiction.

On January 16, 2019, the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health issued final regulations for all medicinal and adult-use cannabis businesses allowed under MAUCRA. The regulations require, among other things, background checks of business owners and employees, a plan of business operation, a security plan, and environmental pollution and waste plans.

### ***City of Rio Dell***

The City Rio Dell is located in Humboldt County in the heart of California's Emerald Triangle. The Emerald Triangle includes the counties of Humboldt, Mendocino and Trinity. The Emerald Triangle has a world-wide reputation for producing some of the finest cannabis grown. Rio Dell is considered the "Heart of Humboldt" by many due to its strategic location and proximity to the areas cannabis farms.

Rio Dell has a population of about 3,400 residents. The nearby cities of Fortuna (population 12,200+/-) and Ferndale (population 1,375+/-) do not currently allow cannabis retail sales. Also the nearby communities of Hydesville, Carlotta, Loleta, Scotia, Stafford and Redcrest do not offer cannabis retail sales. The closest retailer of cannabis and cannabis goods is located in Eureka, which is about 30 minutes north of Rio Dell. In addition to the potential customer base of the nearby cities and communities, approximately 2.5 to 3 million tourists from all over the world visit Humboldt County annually to see the Redwood National Park, the Humboldt Redwoods State Park, the world famous Avenue of the Giants, our pristine beaches and rivers, the Victorian Village of Ferndale and the City of Eureka for its historic old town.

In November 2016 the City adopted Commercial Medical Cannabis regulations, allowing medical cannabis cultivation, manufacturing, processing, distribution, testing laboratories and health and wellness centers at the former Eel River Sawmill site, now known as the Humboldt Rio Dell Business Park.



The City of Rio Dell is focused on the development of the medical cannabis industry in an effort to better understand the effects of the plant and its constituent elements on various diseases. We encourage the businesses within the industry to focus their efforts towards the medical market and actively seek businesses that conduct medical research as associated with the cannabis industry. The efforts of the City to better understand the medical benefits of this plant will provide an environment in which research oriented businesses will thrive and encourage new and innovative researchers to locate in Rio Dell. In this light, the City of Rio Dell envisions a future for the Humboldt Rio Dell Business Park as a research center for the cannabis industry.

The Cannabis Regulations are intended to ensure the public health, safety and welfare

of residents of the City of Rio Dell, visitors to the City, persons engaged in regulated commercial cannabis activities including their employees, neighboring property owners, and end users of medicinal or adult use cannabis; to protect the environment from harm resulting from cannabis activities, including but not limited to residential neighborhoods, schools, commercial areas; to ensure the security of state-regulated medicinal or adult use cannabis; and to safeguard against the diversion of state-regulated medicinal or adult use cannabis for purposes not authorized by law. To this end, these regulations identify where in the City the various types of commercial cannabis activities can occur, and specify what type of permit is required, the application process and the approval criteria that will apply.

In February 2018 the City amended the Cannabis Regulations to allow both Medical (M) and Adult (A) cannabis activities over at the Humboldt Rio Dell Business Park.

The City government is comprised of a five-person City Council that includes an elected mayor by the majority of the Council. On March 5, 2019, the City Council held a public meeting to discuss potential changes to the City's Cannabis Land Use Regulations, including possible Retail sales in the Industrial Commercial (IC) zone located at the Humboldt Rio Dell Business Park and the Town Center (TC) zone.

On March 19, 2019, the City Council adopted amendments to allow cannabis retail sales consistent with State and local regulations. The amendments allow interested parties to make application for a Conditional Use Permit to allow the retail sales of cannabis and cannabis goods in the Industrial Commercial (IC) zone located at the Humboldt Rio Dell Business Park and in the Town Center (TC) zone. The amendments are crafted to allow the Planning Commission and possibly the City Council to use their discretion when reviewing applications. In addition to the Conditional Use Permit required findings pursuant to Section 17.35.030 of the Rio Dell Municipal Code (RDMC), applications will be evaluated at a minimum on the following elements:

- Experience
- Financial Capital
- Interior and Exterior Design
- Business Model/Plan of Operation

At their meeting of March 19, 2019 the City Council directed staff to prepare and release a Request for Proposal (RFP). Releasing and accepting RFP's in no way obligates the City to allow or approve the Proposal or any subsequent Conditional Use Permit application.

## Submittal Requirements and Evaluation Criteria

Proposals shall address the submittal criteria delineated herein. The City requests that each proposal be clear and concise, as the City does not wish to receive voluminous proposals with extensive background materials. Please only present material that is requested, or in your best judgment, contributes or is relevant to this request. Submittals shall be limited to no more than twenty (20) pages and shall include a table of contents, title pages, and page numbers. The table of contents shall not count towards the page limit. Proposals that do not meet the submittal criteria specified herein are subject to disqualification.

- **Introduction** - A brief overview and introduction to the proposed business and owners, the organization structure, and rationale for such business and structure. Applicants shall identify all owners, as that term is defined by Section 5003 of the California Code of Regulations, and any financial interest in the commercial cannabis business, pursuant to Section 5004 of the California Code of Regulations. (20%)

- **Experience of Personnel/Project Team** – Include a description and professional resume of key project team members who will be managing the business, any executive team members, advisors or consultants to the executive team, and a statement as to the availability of each person and their respective services. The qualifications should include descriptions of any similar cannabis or non-cannabis projects, complete with references. In addition, information regarding the qualifications of on-site staff, including any employment training programs. (25%)

- **Business Model/Plan of Operation** – A detailed plan providing the scope of the proposed business, including a security plan, conceptual exterior and interior designs, employee protocol and the proposed location. Please also include a projected timeline of commencing business. Describe how the business will be marketed, locally, regionally and nationally. In addition, how will the business contribute to the community; and describe any existing ties to the community. (30%)

- **Financial Capital** – Submit any publicly available financial documentation of the proposed business owners. Please do not submit any confidential information. The amount of financial resources available to be invested in the development and operation of a retail cannabis business. (20%)

- **Format** – Proposals must be organized, labeled or tabbed consistent with these requirements. The submittal must consist of 8 1/2" by 11" paper. (5%)

# **RFP Process**

## **Request for Proposals (RFP)**

- Interested parties prepare a project plan (and a clear statement of the project plan and objectives).
- Attendance at a pre-submittal conference for prospective parties.
- RFP responses received and reviewed. Applicant due diligence performed.
- In person applicant presentations by all RFP respondents.
- Selection of the preferred applicant(s).

## **Time Frames**

April 11, 2019	Release Request for Proposals.
May 10, 2019	All proposals must be submitted by 5:00 pm.
June 4, 2019	City Council identifies top three (3) proposals.
June 28, 2019	Conditional Use Permit applications due.

## Pre-Submittal Conference

The City is seeking qualified candidates to develop and operate a cannabis retail business as allowed by the State of California and the City. Attendance at a pre-submittal conference by a representative of the project team is strongly encouraged but not required. The pre-submittal conference will be held at City Hall, 675 Wildwood Avenue on **April 13, 2019, from 3:00 p.m. to 4: 0 p.m.** The purpose of the pre-submittal conference is to provide background on the City's goal, the vision of cannabis retail operations in the City and to answer any questions from the public.

## Selection Process

Applicants are required to pay a non-refundable Two Hundred Dollars (\$200) application fee to cover City staff time and attorneys' fees associated with reviewing, evaluating, and processing the proposal.

Upon the close of the RFP period, a selection committee will review the proposals received in response to this request. The submittals with the most responsive proposals, if any, may be selected to make application for the required Conditional Use Permit.

Any applicants seeking to operate a cannabis retail business in the City must complete the entire RFP process. The City will reject any cannabis business proposals that do not comply with the RFP requirements.

The City reserves the right to reject all proposals or modify or amend the scope of the RFP. Acceptance of proposals pursuant to this request is not a commitment to award.

## Submittal Deadline

Potential applicants shall have thirty (30) days from the issuance of this RFP to submit their proposals and pay the application fee. Sealed proposals containing five (5) physical copies and one (1) USB drive containing an electronic version of the RFP, must be received at City Hall, 675 Wildwood Avenue no later than **5:00 p.m., May 10, 2019.**

Questions and further information pertinent to the RFP may be obtained from the undersigned. Proposals shall be submitted to:

Kyle Knopp, City Manager  
City of Rio Dell  
675 Wildwood Avenue  
Rio Dell, CA. 95562  
[E-Mail: knoppk@cityofriodell.ca.gov](mailto:knoppk@cityofriodell.ca.gov)